

STAKEHOLDER GROUP MEETING – SYNOPSIS

MEETING DATE: 9/8/08

ATTENDEES: COUNCILMEMBER PETE CONSTANT, CHAIR

MEMBERS: LORIE BIRD, ELIZABETH BRIERLY, BOB BROWNSTEIN, CARL COOKSON, YOLANDA CRUZ, PAT DANDO, PATRICIA GARDNER, ERNIE GIACHETTI, HOOSHANG HOMARA, JOSHUA HOWARD, BOBBY LOPEZ, STEVE MOORE, DAVE PERSSELIN, ED RAST, JEFF RUSTER, RANDY SEKANY, SUZANNE WOLF

ABSENT: CHARLES JONES, MICHELLE LEW, JAN SCHNEIDER, BUU THAI, KEN WILLEY

STAFF: DEBRA FIGONE, CITY MANAGER, HARRY MAVROGENES, REVEVELOPMENT AGENCY, JANE LIGHT, CITY MANAGER'S LIAISON.

Welcome/Introductions

- Councilmember Constant called meeting to order at 6:10 pm and thanked everyone for their continued commitment and efforts in trying to resolve the current budget deficit.
- City Manager Debra Figone welcomes everyone and introduced the topics the Stakeholder Group will discuss. The strategies were part of the Management Partners report. Although they don't fit the three year timeline, they are nonetheless important for the City's long term fiscal planning.
- Goal of this meeting is to give the Stakeholder Group a progress report and share the challenges that are faced by the City.

"Change California Local Government Finance System"

Presentation: Management Partners. Management Partners Report pgs.122-124

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) September 8 Presentation (Slides 2-13).

Questions/Comments

- This issue is complex and many special interests are involved.
- Do we have a comparison to other cities regarding how much their sales tax grew over time? (Slide 2)
- Some states have begun to tax selected services

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- Taxing services does not make sense. It would raise the cost to business when we are already a high-cost City.
- Current tax system is not rational.
- The City should put together a coalition of like minded groups.
- Be careful of unintended consequences of changing business property tax (Prop 13). Need balancing act to bring equity without losing businesses.
- San Jose is in a good position to be a leader and start change because we have the ability to bring people together locally and can use those skills to create a coalition.
- Don't make the goal too broad. Set specific goals- e.g. more flexibility, more revenue strategies.
- Pick the most promising ideas. Some of these actions will require voter approval.
- Customers of businesses pay taxes, (sales tax) not the business per se.

"Priority Municipal Services and Elements of a Potential Priority Setting

Framework" Presentation: Jane Light, Library Director

(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) September 8 Presentation (Slides 14-24).

Questions/Comments

- Stakeholder member would have added a fourth dimension -- How to pay for the service?
- In terms of setting priorities, how do you deal with the intensity of people's belief in maintaining certain services (75%-25% phenomenon)—a minority of people consider a service to be high priority, but those who do feel very strongly.
- Is there a way to evaluate the consequences of cutting a service?
- Stakeholder would like to see Austin's three-tier system (to be included with Synopsis)
- Some Councilmembers conduct their own neighborhood priority surveys. Are those results shared with their colleagues or the City staff?
- Citywide survey is scientific. A council-district specific survey with identical questions can also be done to supplement this survey.
- Surveys are limited because if people had more information on a topic, they may answer differently.
- When surveying neighborhoods, there should be a common theme or similar questions across different Council districts.

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- Are the City-wide survey results broken down by Council Districts?
- Approach the City-wide survey in terms of what services the City should cut; Have citizens rank entire list of services.
- How we provide service is based on the City's performance measures.
- How can we be more efficient in providing services? Take into account the changing needs of the community and new technology in regards to service delivery.
- Rank services by which one would you least like to cut.
- Will the Stakeholder Group receive a performance measures presentation?
- Intensity does not show through in surveys.
- Need to conduct efficiency auditing. If a service is cut in funding to the point where it is so lean that it's no longer effective- this service should be cut.
- Stakeholder Group lost momentum it had during the early months of its meetings. Focus of group should have kept discussion to say what we should cut.

"Asset Management Update" Presentation: Ed Shikada, Deputy City Manager
(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) September 8 Presentation (Slides 25-37).

Comments/Questions

- People understand the issue of the City's budget deficit.
- Neighborhood fit is important in "guiding principles."
- Service priorities are key in being able to re-use property.
- Asset Management brings some money into play which can be used.
- Consider Economic Development and RDA under Part 1 (Slide 38)
- Cost-benefit the maintenance costs against the value of services offered at the facility.
- Can we consolidate some leases so that multiple organizations can share a facility?
- Disclose market rate lease vs. what agency is paying-what total subsidies does the agency get from one the City? (i.e. grants, contracts)
- Bring urgency to this issue. Identify a few projects with high value and fast track those.
Note: Staff has identified 30 properties which will be taken to Council in October.

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“Change Retirement Plans (2 Tier system)” Presentation: Mark Danaj. Management Partners Report pg.122 (<http://www.sanjoseca.gov/StakeholderGroup08.asp>) September 8 Presentation (Slides 38-44).

City Manager Figone stated that we are discussing retirement because it was a long-term strategy that Management Partners report presented. This presentation is for information purposes since any changes would require meet and confer through the bargaining units.

- Are there other cities that have the 2 tier system and what are the challenges they face?
Note: Los Angeles and San Mateo County have 2 tier systems.
- What percentage of the retirement funds are made up of contributions and what percentage are earnings?

“Court Decisions Regarding Union City’s 9-1-1 Fee & Assessment Districts”

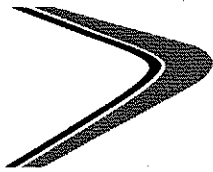
Presentation: Patricia Deignan, City Attorney's Office
(<http://www.sanjoseca.gov/StakeholderGroup08.asp>) September 8 Presentation (Slides 45-51).

- Due to time constraints, Councilmember Pete Constant asked the Stakeholder Group to email questions or comments to him.

Closing: Next and final meeting will take place on September 22nd at the Martin Luther King Library, Rooms 225-229.

Advantages/concerns/questions can be emailed to pete.constant@sanjoseca.gov, please type “Stakeholder Group” in the subject line. Councilmember Constant will forward questions to the administration.

Meeting was adjourned at 9:10 p.m.



MANAGEMENT PARTNERS

INCORPORATED

CITY OF AUSTIN, TX CORE SERVICE CRITERIA

Primary Core Services

Has a potential or near-term effect on public safety or health

Meets but does not exceed a State or Federal mandate or the City Charter

The loss of the activity or service has a long-term but potentially catastrophic (i.e. sudden, swift, and disastrous) effect on the public, and the activity or service is not a core service of another entity

Has a beneficial effect on the daily lives of a significant segment of the population and is not the core service of any other entity

Provides revenue through a direct revenue generating or collecting function that is in excess of its total costs and that is not otherwise provided by another entity

Provides direct support or critical indirect support for a core service

Secondary Core Services

Has a potential and beneficial long term effect on public safety or health, but the loss of the activity or service would not have a potential catastrophic effect

Is that portion of a core service that exceeds a State or Federal mandate –an augmentation of a core service

Has a beneficial effect on the daily lives of a significant segment of the population but is the core service of another entity

Provides revenue through a direct revenue generating or collecting function that funds most but not all of its costs and that is not generated or collected by another entity

Provides direct support for a semi-core service or indirect support for a core service

Service Enhancements

Any program, activity, or service that does not meet the core service or semi-core service criteria is a service enhancement

Significant Local Government Finance Reform Studies Include:

- California Constitution Revision Commission
 - www.caforward.org/dynamic/subpages/link_3_1015.pdf
- California Citizens Budget Commission
 - www.cgs.org
- Speaker's Commission on State and Local Finance
 - <http://speaker.metroforum.org>
- Legislative Analyst's Office
 - www.lao.ca.gov/laoapp/main.aspx?type=3&CatID=8
- California Commission on Tax Policy in the New Economy
 - www.library.ca.gov/crb/catax